

Message Text

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ACTION EB-07

INFO OCT-01 ISO-00 AF-06 ARA-06 EA-06 EUR-12 NEA-10 SSO-00

NSCE-00 USIE-00 INRE-00 AGR-05 CEA-01 CIAE-00 COME-00

DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04 TAR-01

TRSE-00 PRS-01 SP-02 FEAE-00 OMB-01 OIC-02 /116 W

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FM USDEL MTN GENEVA

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INFO AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS UNN

AMEMBASSY BUENOS AIRES

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

LIMITED OFFICIAL USE SECTION 1 OF 2 MTN GENEVA 5447

PASS STR AND AGRICULTURE

E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJECT: MTN GROUP AGRICULTURE MEETING JULY 9-10

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REF: STATE 158018

1. SUMMARY. THE MTN GROUP AGRICULTURE MET JULY 9-10 TO DISCUSS ITS FUTURE WORK PROGRAM WITHOUT REACHING ANY CONCLUSIONS. THE DISCUSSIONS WERE PRIMARILY BASED ON TWO PROPOSALS: ONE BY ARGENTINA PROVIDING FOR PRIORITY ESTABLISHMENT OF SPECIAL PROCEDURES FOR THE LDC'S IN THE AGRICULTURE GROUP; AND ANOTHER ONE BY THE EC WHICH WOULD IN FACT ESTABLISH AN ALMOST EXCLUSIVE PREROGATIVE FOR THE AGRICULTURE GROUP TO DEAL WITH ALL TARIFF AND NON-TARIFF MEASURES ON AGRICULTURAL PRODUCTS. BOTH PROPOSALS WERE UNACCEPTABLE TO THE U.S. WE BELIEVE BOTH PROPOSALS WERE MADE IN VIEW OF FORTHCOMING TNC IN ORDER TO PUT BEFORE THE U.S. THE ALTERNATIVE OF EITHER TO ACQUIESCE IN THESE PROPOSALS OR TO FACE A WIDELY PUBLICIZED CONTROVERSY AT THE FORTHCOMING TNC MEETING. EC SUPPORTED WITH MODIFICATIONS THE ARGENTINE PROPOSAL WHICH AIMS AT TREATING ALL TARIFF AND NON-TARIFF MEASURES IN THE AGRICULTURE GROUP. EC HOPED TO OBTAIN IN THIS WAY FOR THE AGRICULTURE GROUP QUOTE AUTONOMY UNQUOTE AS REGARDS TARIFF AND NON-TARIFF MEASURES. THE AGRICULTURE GROUP IS RECESSED UNTIL MONDAY, JULY 14, 11:00 AM. ACTION REQUESTED: U.S. DEL WOULD APPRECIATE GUIDANCE FOR JULY 14 AGRICULTURE GROUP MEETING. END SUMMARY.

2. THE GROUP AGRICULTURE MET ON JULY 9-10 UNDER THE CHAIRMANSHIP OF PATTERSON. THE GROUP ADDRESSED ITSELF TO ITS FUTURE WORK PROGRAM. A NUMBER OF PROPOSALS EMANATING PRIMARILY FROM THE LDC'S AND EASTERN EUROPEAN COUNTRIES TO DEAL IN THE FUTURE (IN THE AGRICULTURE GROUP OR IN NEWLY ESTABLISHED SUBGROUPS) WITH FRUITS AND VEGETABLES, ALCOHOLIC BEVERAGES, VINEGAR, HONEY, EGGS, VEGETABLE OILS, WINE AND CITRUS AND RICE, WERE NOT ACCEPTED. THESE PROPOSALS WERE REJECTED BY ALL MAJOR DEVELOPED COUNTRIES PRIMARILY BECAUSE THEY WERE CONSIDERED PREMATURE GIVEN THE WORKLOAD OF THE EXISTING SUBGROUPS. HOWEVER, THE EC IN THIS CONTEXT MADE THE FOLLOWING OBSCURELY WORDED PROPOSAL WHICH THEY REFUSED TO CIRCULATE.

3. QUOTE OUR TASK IS ONE OF HOW TO PROCEED WITH REGARD TO PRODUCTS NOT DEALT WITH IN THE EXISTING SUBGROUPS. THESE PRODUCTS ARE NOT EXCLUDED FROM NEGOTIATIONS. FOR ALL THESE PRODUCTS OUR APPROACH WOULD BE ON THE BASIS OF MEASURES RATHER LIMITED OFFICIAL USE

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THAN ON A BASIS OF PRODUCTS. WE PROPOSE, THEREFORE, THAT THE SECRETARIAT PREPARE A LIST OF ALL THE ISSUES DEALT WITH IN THE TARIFF AND NON-TARIFF MEASURES GROUPS AFFECTING AGRICULTURAL PRODUCTS; THAT THE GROUP ADOPT A NOTIFICATION-JUSTIFICATION PROCEDURE ON THE BASIS OF A BILATERAL OR PLURILATERAL DIALOGUE ON ALL MEASURES AFFECTING TRADE IN THESE PRODUCTS (AS AGREED IN THE NTM SUBGROUP ON QR'S); THAT THE GROUP WOULD ANALYZE THE SITUATION TO SEE WHERE RECIPROCAL INTERESTS LIE AND TO DETER-

MINE THE NEED TO ESTABLISH NEW SUBGROUPS ON TARIFF AND NON-TARIFF MEASURES UNQUOTE.

4. EC (PIZZUTI) IN SUBSEQUENT COMMENTS INSISTED THAT THE AGRICULTURE GROUP IS FULLY AUTHORIZED TO TREAT TARIFF AND NON-TARIFF MEASURES RELATING TO AGRICULTURAL PRODUCTS. HE STATED THAT THE AGRICULTURE GROUP HAS THE QUOTE AUTONOMY UNQUOTE AND COMPETENCE TO DEAL WITH ALL AGRICULTURAL ASPECTS OF ALL MATTERS THAT ARISE WITHIN THE MTN. HE SAID THAT THE TERMS OF REFERENCE EMBODIED IN THE MAY 8 AGREEMENT MAKE IT CLEAR THAT THE AGRICULTURE GROUP CAN TAKE UP TARIFF AND NON-TARIFF MEASURES. HE FURTHER SAID QUOTE THE COMMUNITY HAS FOUGHT FOR THE AUTONOMY OF THE AGRICULTURE GROUP. IT WILL CONTINUE TO DO SO UNQUOTE.

5. U.S. DEL (KOENIG) STATED THAT THIS IS NOT AN INDEPENDENT OR AUTONOMOUS GROUP. WE CANNOT NEGOTIATE AGRICULTURE SEPARATELY IN THIS GROUP. HE STATED THAT THE AGRICULTURAL ASPECTS OF MATTERS OF A GLOBAL NATURE LIKE TARIFF AND NON-TARIFF MEASURES CAN INDEED BE TREATED IN THIS GROUP BUT ONLY WHEN AND IF THE WORK ON THESE MATTERS HAS ADVANCED FAR ENOUGH IN THE FUNCTIONAL GROUPS. THE AGRICULTURE GROUP CANNOT INITIATE THE FORMULATION OF GENERAL TARIFF AND NON-TARIFF MEASURE PROCEDURES. HE REFERRED TO THE MAY 8 SUMMING UP AND IN PARTICULAR TO THE PROVISION THAT THE AGRICULTURE GROUP WILL TREAT THESE MATTERS IN CONJUNCTION WITH THE TARIFF AND NON-TARIFF MEASURES GROUP. (EC, WHILE QUOTING THE MAY 8 COMPROMISE, PERSISTENTLY REFRAINED FROM REFERRING TO THOSE PROVISIONS WHICH PROVIDE THAT THE AGRICULTURE GROUP WORK IN CONJUNCTION WITH THE TARIFF AND NON-TARIFF MEASURES GROUPS.)

6. EC APPROACH WAS APPARENTLY A PROBING EXERCISE. HOWEVER, AFTER ARGENTINA HAD MADE ITS PROPOSAL FOR THE CREATION OF LIMITED OFFICIAL USE

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SPECIAL PROCEDURES FOR LDC'S WITHIN THE FRAMEWORK OF THE AGRICULTURE GROUP, THE EC SAW A CHANCE THAT ITS PROPOSAL WOULD BE REINFORCED BY THAT OF THE ARGENTINE PROPOSAL WHICH HAD THE SUPPORT OF ALL LDC'S.

7. ARGENTINE PROPOSAL READS AS FOLLOWS: QUOTE AS A STEP TOWARDS THE IMPLEMENTATION OF THE PROVISIONS OF THE TOKYO DECLARATION AS REGARDS THE ESTABLISHMENT OF SPECIAL PROCEDURES FOR THE NEGOTIATIONS BETWEEN DEVELOPED AND DEVELOPING COUNTRIES, THE GROUP DECIDED THAT DEVELOPING COUNTRIES BE INVITED TO PRESENT TO THE DEVELOPED COUNTRIES IN THIS GROUP LISTS INDICATING THEIR NEGOTIATING INTERESTS IN THE AGRICULTURAL FIELD, BOTH WITH RESPECT TO PRODUCTS AND MEASURES, LOOKING TOWARD DISCUSSIONS--BILATERAL, PLURILATERAL, OR MULTILATERAL-- AIMED AT IDENTIFYING THE POSSIBLE NEGOTIATING INTERESTS OF THE

DEVELOPING COUNTRIES. TO HELP IN THIS TASK THE SECRETARIAT
WOULD RECEIVE NOTIFICATIONS INCLUDING COPIES OF THIS LIST AND
WOULD PREPARE AN UP-TO-DATE CATALOGUE OF TARIFF AND NON-TARIFF
MEASURES IN DEVELOPED MARKETS FACED BY THE PRODUCES NOTIFIED
BY THE EXPORTING DEVELOPING COUNTRIES. AFTER THIS STAGE OF
INFORMATION, THE DEVELOPING COUNTRIES SHALL DECIDE IF IN THE
EFFECTIVE NEGOTIATING STAGE THEY WILL SUBMIT THEIR REQUEST FOR
CONCESSIONS TO THE GROUP AGRICULTURE OR TO OTHER NEGOTIATING
GROUPS--GROUP TARIFF, GROUP NTMS, SUBGROUP ON STANDARDS, SUB-
GROUP ON QR'S, ETC. UNQUOTE.

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 EA-06 IO-10 ISO-00 AF-06 NEA-10

SSO-00 NSCE-00 USIE-00 INRE-00 AGR-05 CEA-01 CIAE-00

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PASS STR AND AGRICULTURE

8. U.S., AUSTRALIA AND NEW ZEALAND, WHILE EXPRESSING THEIR
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COMMITMENTS TO THE PROVISIONS OF THE TOKYO DECLARATION CONCERNING LDC'S, POINTED OUT THAT IF ARGENTINE PROPOSAL WERE ACCEPTED, THE FUTURE WORK OF THE AGRICULTURE GROUP WOULD LARGELY CENTER ON PRODUCTS AND ISSUES OF INTEREST TO THE LDC'S TO THE DETRIMENT OF AGRICULTURAL NEGOTIATIONS BETWEEN DEVELOPED COUNTRIES.

9. HOWEVER, THE EC STATED THAT IT COULD ACCEPT THE ARGENTINE PROPOSAL IF THE PROCEDURES WERE EXTENDED TO COVER THE INTERESTS OF THE DEVELOPED COUNTRIES AND IF THE REFERENCE TO REQUESTS BEING SUBMITTED TO OTHER GROUPS (I.E., GROUPS OTHER THAN THE AGRICULTURE GROUP) BE ELIMINATED..JAPAN AND THE NORDIC COUNTRIES SUPPORTED THE EC PROPOSAL.

10. AUSTRALIA, IN A FORCEFUL INTERVENTION, STATED THAT THE EC PROPOSAL, TOGETHER WITH THE ARGENTINE PROPOSAL, AIMED AT SEPARATING NEGOTIATIONS IN AGRICULTURE FROM THE REST OF THE MTN. THE U.S. ENDORSED THE AUSTRALIAN COMMENTS. REFERRING TO THE EC STATEMENT (SEE PARA 3 ABOVE) THAT THE COMMUNITY HAS FOUGHT AND WILL CONTINUE TO FIGHT FOR THE AUTONOMY OF THE AGRICULTURE GROUP, THE U.S. STATED THAT THE EC PROPOSAL IS AIMED AT SPLITTING THE NEGOTIATIONS AND THAT THE ARGENTINE PROPOSAL, WHILE PERHAPS NOT INTENDING TO DO SO, WOULD HAVE THE SAME EFFECT.

11. A CLOSELY RELATED BUT PARTLY SUBORDINATE ISSUE DISCUSSED IN THE COURSE OF THE MEETING WAS HOW QR'S ON AGRICULTURAL PRODUCTS WHICH CERTAIN COUNTRIES REFUSE TO NOTIFY UNDER THE PROCEDURE SET UP BY THE NTM SUBGROUP ON QR'S SHOULD BE TREATED. THE U.S. PROPOSED THAT THERE BE ONLY ONE NOTIFICATION PROCEDURE FOR ALL PRODUCTS, NAMELY THAT ESTABLISHED BY THE NTM SUBGROUP ON QR'S. HOWEVER, THIS PROPOSAL DID NOT MEET WITH THE APPROVAL OF THE GROUP AND THE CHAIR PUT FORWARD THE FOLLOWING RATHER AMBIGUOUS PROPOSAL:

12. QUOTE THE GROUP AGREED, WITHOUT PREJUDICE TO THE PROCEDURES FOR OTHER MEASURES OR PRODUCTS, TO ADOPT FOR THOSE QR'S WHICH SOME DELEGATIONS HAD INDICATED OR MAY INDICATE THEIR INTENTION

TO CONSIDER IN GROUP AGRICULTURE THE PROCEDURES OF INFORMATION,
EXAMINATION AND DIALOGUE ESTABLISHED BY NTM SUBGROUP ON QR'S.
UNQUOTE.
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13. COMMENT. THE EC PROPOSAL IS OBVIOUSLY UNACCEPTABLE BECAUSE IT IS CLEARLY INTENDED TO UNDO THE COMPROMISE OF MAY 8. THE ARGENTINE PROPOSAL WOULD LEAD TO RESULTS WHICH ARE CLEARLY CONTRARY TO U.S. OBJECTIVES. THIS PROPOSAL WOULD FOCUS THE FUTURE WORK OF THE AGRICULTURE GROUP ON LDC AGRICULTURAL INTERESTS, WOULD IN FACT LEAD TO AN EARLY REQUEST/OFFER EXERCISE AND WOULD, MOREOVER, DRAW THE TREATMENT OF GLOBAL TARIFF AND NON-TARIFF MEASURES WITHIN THE EXCLUSIVE PURVIEW OF THE AGRICULTURE GROUP. IT MAY PERHAPS BE DESIRABLE TO ACCOMMODATE TO SOME EXTENT THE WISHES OF THE LDC'S IF THIS CAN BE DONE WITHOUT IMPAIRING U.S. OBJECTIVES. HOWEVER, U.S. WILLINGNESS TO COMPROMISE IN THE AGRICULTURE GROUP MAY NOT PREVENT THE LDC'S FROM COMPLAINING IN OTHER FORA ABOUT THE LACK OF POSITIVE RESPONSES BY THE DEVELOPED COUNTRIES TO LDC NEEDS. THE ARGENTINE PROPOSAL IN THE AGRICULTURE GROUP WAS APPARENTLY MOTIVATED BY POLITICAL CONSIDERATIONS TRANSENDING THE NARROW CONTEXT OF THE AGRICULTURE GROUP. WE SEE THE FOLLOWING POSSIBLE COURSES OF ACTION:

(A) WE MAY IN THE JULY 14 MEETING OF THE AGRICULTURE GROUP TAKE THE POSITION OUTLINED IN PARAGRAPH 1(C) OF REFTEL TO THE EFFECT THAT WE WILL REQUEST REASSESSMENT OF U.S. POSITION BUT THAT RESULTS OF SUCH REASSESSMENT CANNOT BE PROMISED BEFORE JULY 15 TNC. HENCE AGRICULTURE GROUP SHOULD RECESS AND TAKE UP THIS MATTER AT A LATER STAGE.

(B) WE MAY BE ABLE TO AGREE TO DOCUMENTATION PREPARED BY THE SECRETARIAT LISTING THE MAJOR TRADE MEASURES BY DEVELOPED COUNTRIES WHICH AFFECT THE AGRICULTURAL EXPORTS OF LDC'S WITH A VIEW TO EXAMINING THESE MEASURES AT SOME FUTURE TIME IN THE AGRICULTURE GROUP IN CONJUNCTION WITH OTHER FUNCTIONAL GROUPS.

(C) WASHINGTON MAY BE ABLE TO DEVISE PROCEDURES WHICH, WHILE ACCOMMODATING LDC'S DESIDERATA, WOULD NOT IMPAIR IN ANY WAY THE MAY 8 AGREEMENT AND WOULD BE COMPATIBLE WITH U.S. APPROACHES IN OTHER NEGOTIATING GROUPS AND U.S. GENERAL OBJECTIVES IN THE MTN.

14. ACTION REQUESTED: WE WOULD APPRECIATE GUIDANCE ASAP.WALKER

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